

bank-notes for the renewal of the process.<sup>1</sup> At an early date after the decline in silver bullion Switzerland was practically denuded of gold, and the profits on exchange were figured upon the cost of exporting the silver coins of the Latin Union. While there were certain seasons of the year at which exchange was more favorable to Switzerland than at others, there were six years between 1889 and 1901 in which the minimum rate was at par or higher, indicating that coin would not be drawn at any time in these years, in the ordinary course of commercial operations, to take the road over the Alps into Switzerland. It was out of these conditions that grew many of the efforts which have been set forth to restrict circulation, restrain competition, and bring about co-operation among the banks. So severe was the burden imposed by the drain of silver upon the banks near the French frontier, in compelling them to obtain specie at a premium to maintain their reserve, that one such bank surrendered its power of issue, and the others in June, 1899, persuaded their associates to share a part of the burden.<sup>2</sup>

It was inevitable that while these difficulties, growing out of the lack of unity in the Swiss banking system, were steadily growing more serious, a movement should gain headway in favor of centralization.<sup>3</sup> Already, before the law of 1881 (in March, 1879) a plan was presented to the National Council for a bank controlled by the Confederation. The opponents of change were able to put its advocates in an unfavorable parliamentary position, and the revision of the constitution which was required was rejected by the people in 1880 by 260,126 votes against 121,099. The political crisis

<sup>1</sup> Cf. Bouchmil, 136.

<sup>9</sup> Bouchmil, 141.

<sup>8</sup> It was declared by the Federal Council in a report made in the summer of 1904: "We know by experience that it is not possible, under the existing system of note issue, to hope for a fundamental improvement of these unhealthy conditions or the disappearance of such dangers. What may be hoped with certainty is that the creation of the [national] bank will lead to a sensible change." — *Economiste Europeen*, July 8, 1904, XXVI., 36.